Toronto Islands Residential Community Trust Corporation

ANNUAL REPORT for 2009-2010

Ministry of
Municipal Affairs
and Housing

Office of the Minister

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Ontario

TO THE LIEUTENANT GOVERNOR
OF THE PROVINCE OF ONTARIO

MAY IT PLEASE YOUR HONOUR:

For the information of Your Honour and the Legislative Assembly, I am presenting the *Annual Report of the Toronto Islands Residential Community Trust Corporation* for the fiscal year 2009/10.

Respectfully submitted,

Rick Bartolucci, MPP, Sudbury
Minister

Toronto Islands Residential Community Trust
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TO THE HONOURABLE RICK BARTOLUCCI
MINISTER OF MUNICIPAL AFFAIRS AND HOUSING

MINISTER:

On behalf of the Corporation and the Board of Directors, I am pleased to present a copy of the Toronto Islands Residential Community Trust Corporation's Annual report, together with its audited financial statement, for the fiscal year 2009-2010.

Respectfully submitted,

Ellen Vera Allen
Chair
Toronto Islands Residential Community Trust Corporation

ANNUAL REPORT

Toronto Islands Residential Community Trust Corporation 2009-2010

The Trust's Mandate

The Toronto Islands Residential Community Trust Corporation (hereafter "the Trust") was established in December, 1993 to manage the land and buildings associated with the Island community, on behalf of the Island residents and the general public. Under the *Toronto Islands Residential Community Stewardship Act, 1993,* residents of Ward's and Algonquin Islands are able to hold title to their homes, and lease the lots on which their houses stand, for a period of up to 99 years. The Trust is also charged with maintaining the Purchasers' List, managing the Trust's finances, and managing its six community buildings for the benefit of the public as well as the community.

The Board of Directors

The Trust's Board of Directors is appointed by the Lieutenant Governor in Council on an annual basis. It consists of four directors who are Ontario Public Service appointees and two directors who are Island residents (as chosen by the Island community at large).

The 2009-10 Board appointees were:

Ellen Allen (Chair) - Island Resident appointee (July 29, 2005 - July 28, 2010)
Allister Walsh (Vice Chair) - Ontario Public Service appointee (July 29, 2006 - July 28, 2010)
Geoffrey Gladdy (Treasurer) - Ontario Public Service appointee (July 29, 2006 - July 28, 2010)
Kiloran McRae (Secretary) - Island Resident appointee (July 29, 2007 - July 28, 2010)
Judith Pike - Ontario Public Service appointee (July 29, 2009 - July 28, 2010)
Dawn Herrera - Ontario Public Service appointee (July 29, 2008 - July 28, 2010)

Purchasers' List / Sales Process

Under the Act, the Trust is required to create a waiting list for potential purchasers of Island homes and land leases. This Purchasers' List, first established in 1994, can include a maximum of 500 names. The List is reopened whenever vacancies

on the list total 5% or more of the 500. Names are added to the List by way of a lottery draw conducted by an independent firm. The List was last opened in November, 2009, when 31 available spaces were filled from the 503 applications received.

Since the establishment of this process in 1994, 50 island homes and leases have been sold. An average of 2 to 3 homes a year are sold.

Current Business

Board Meetings

Board meetings in 2009-10 were generally held on a monthly basis (10 in total). Meetings are open to the public, and members of the Toronto Island Community Association (TICA) regularly attended them. The Board approved its budget on May 6, 2009.

Community Meetings

Two community meetings were held during the year. The first, on May 25, 2009, was used to introduce the budget for the fiscal year April 1, 2009 to March 31, 2010. The second community meeting, on October 23, 2009, included presentation of the audit for the prior financial year by a representative of the auditing firm of Clarke Henning.

Financial Performance

The audit for the prior financial year presented on October 23, 2009 found the Trust to be financially sound. The Finance Committee met to review the audit. Audited financial statements were made available to community members upon request. A copy is attached to this Annual Report.

The new budget introduced in May 2009 confirmed that the business of the Trust would continue to be financed by a levy on the leaseholders, property rentals, administrative fees and investment income, with no increase in the levy.

The Trust received no provincial, municipal or outside funding to support its operations.

The Board will address any possible future financial needs in a strategic planning exercise that it will initiate in the coming year (2011-12).

How We Did: Measuring the Trust's Performance

The Board considers that it carried out the work it was required to do during the course of the year. It will, however, begin establishing more specific performance measures and targets for evaluating how well it is fulfilling its mandate in a strategic planning exercise planned for 2011-12. This is a requirement of government's new agency reporting rules.

Bylaw and Policy Reviews

A new Purchasers' List By-law was approved by the community on May 25, 2009 and by the Trust's Board on June 24, 2009. It clarified and updated language; modernized the provisions; removed a provision allowing the Trust Board to give persons priority on the List based on exceptional circumstances; superseded and replaced By-Laws 2 and 3, which also dealt with list matters; and provided for making the trust's information collection practices compliant with the *Personal Information Protection and Electronic Documents Act* (PIPEDA).

House and Lease Sales

Two houses were sold during the 2009/10 fiscal year.

Public Benefits

Creation of the Island community has resulted in benefits to the public at large. The residents are conscientious and responsible stewards not only of the Trust lands and buildings, but of the surrounding park as well. They contribute many volunteer hours towards this.

The community has developed an excellent working relationship with the City Parks, Forestry and Recreation service to protect environmentally sensitive areas and replenish island tree stock. The community has participated in annual beach clean-ups and shoreline revitalization, and has consulted with various government agencies regarding preservation and enhancement of natural habitats in the park.

Trust Buildings

Community buildings, owned by the Province and managed by the Trust, are maintained for the benefit of the public as well as the community. These buildings and facilities provide venues for such programs as the Toronto Island Canoe Club and Camp and the Ward's Island Association lawn bowling, tennis and soccer camps and leagues. These are open to all City of Toronto residents. Buildings are available for special functions, such as weddings, for a nominal cost. Buildings have been preserved where historically significant, notably the Old Fire Hall and the Ward's Island Association Clubhouse, chiefly through volunteer efforts.

Administrative Arrangements

The Trust office is staffed by an administrator on a three day per week basis and is responsible for the on-going operations of the Board and for contact with the public and community. The administrator is available to the public by telephone, fax, e-mail, or by dropping into the office.

There is also a website that is updated regularly with information about both Trust and Island activities. It is at:
http://torontoisland.org/LandTrust/tabid/119/Default.aspx.

Attachment:

Audited Financial Statements

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2010

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Clarke
Henning
LLP

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AUDITORS' REPORT

TO THE MEMBERS OF
TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

We have audited the balance sheet of Toronto Islands Residential Community Trust Corporation as at March 31, 2010 and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. In accordance with the Corporations Act (Ontario), we report that these principles have been applied on a basis consistent with that of the preceding year.

Clarke Henning LLP

CHARTERED ACCOUNTANTS
Licensed Public Accountants

Toronto, Ontario
November 26, 2010

POLARIS INTERNATIONAL

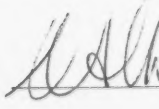
TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

BALANCE SHEET

AS AT MARCH 31, 2010

	2010	2009
ASSETS		
Current assets		
Cash	$ 85,302	$ 135,149
Short term investments *(note 3)*	150,035	109,467
Accounts receivable	86,177	69,260
Prepaid expenses	-	434
Amount held in trust re lease transfer	5,000	15,928
	326,514	330,238
Property and equipment *(note 4)*	601,194	631,460
	927,708	961,698
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	29,781	35,526
Payable to City of Toronto re lease transfer	5,000	15,928
	34,781	51,454
Unamortized capital contribution	565,540	594,295
	600,321	645,749
NET ASSETS		
Reserve for contingencies	213,070	209,070
Reserve for capital expenditure and major repairs	25,000	20,000
Reserve for office expenses	5,000	2,500
Unappropriated balance *(note 6)*	84,317	84,379
	327,387	315,949
	$ 927,708	$ 961,698

Approved on behalf of the Board:


, Director

, Director

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

STATEMENT OF REVENUES AND EXPENSES

YEAR ENDED MARCH 31, 2010

	2010	2009
Revenues		
Operating levy	$ 58,702	$ 59,847
Purchaser list fees and renewals	21,385	16,657
Administration fees	2,400	550
Rental income	14,020	14,430
Interest income	2,035	3,499
Other	8,062	9,152
	106,604	104,135
Expenses		
Depreciation expense - net *(note 5)*	3,320	3,750
Heating and electricity	950	1,741
Insurance	12,026	10,784
Legal and audit	12,631	17,680
Office and general	13,506	9,253
Repairs and maintenance	6,369	13,981
Salaries and benefits	46,364	38,053
	95,166	95,242
Excess of revenues over expenses for the year	$ 11,438	$ 8,893

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2010

	Reserve for Contingencies	*Reserve for Capital Expenditures and Major Repairs*	*Reserve for Office Expenses*	*Unappropriated Balance*	*Total*	
					2010	*2009*
Balance - at beginning of year	$ 209,070	$ 20,000	$ 2,500	$ 84,379	$ 315,949	$ 307,056
Excess of revenues over expenses for the year	-	-	-	11,438	11,438	8,893
Transfer to (from) reserves *(note 7)*	4,000	5,000	2,500	(11,500)	-	-
Balance - at end of year	$ 213,070	$ 25,000	$ 5,000	$ 84,317	$ 327,387	$ 315,949

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2010

	2010	2009
Cash flows from operating activities		
Cash receipts from residents and others	$ 103,580	$ 91,940
Interest income	-	4,180
Cash paid to employees and suppliers	(113,085)	(98,692)
	(9,505)	(2,572)
Cash flows from investing activities		
Purchase of property and equipment	(1,809)	-
Purchase of short-term investment - maturing after three months	(74,000)	-
	(75,809)	-
Change in cash during the year	(85,314)	(2,572)
Cash and cash equivalents - at beginning of year	244,616	247,188
Cash and cash equivalents - at end of year	159,302	244,616
Cash and cash equivalents consist of:		
Cash	85,302	135,149
Short term investments - maturing within three months	74,000	109,467
	$ 159,302	$ 244,616

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2010

1. PURPOSE AND ORGANIZATION

Toronto Islands Residential Community Trust Corporation (the "Trust") was incorporated without share capital by The Toronto Islands Residential Community Stewardship Act of the Ontario Legislature. The Trust is to manage certain land and buildings on Toronto Islands for the benefit of the residential community on the islands and the public.

The Trust is managed by a board of not more than fifteen directors appointed by the Lieutenant Governor in Council.

The Province of Ontario has leased to the Trust, until December 15, 2092, all of the residential area on Toronto Islands. The Trust has leased to the owners of individual houses the land on which their houses are situated for a period ending December 15, 2092, under the terms and conditions set out in the legislation.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments

Cash and short term investments are classified as held for trading and are stated at fair value. Accounts receivable are classified as loans and receivables which are measured at amortized cost. Accounts payable are classified as other financial liabilities which are measured at amortized cost.

Revenue Recognition

The Trust's operating levy is recognized as revenue during the year to which the levy applies, purchaser list fees are recognized when received and administration fees from sale of land leases are recognized when the land lease agreement is concluded.

Rental, interest and other income are recorded as revenue when they are earned.

Short Term Investments

Short term investments consist of guaranteed investment certificates and are recorded at cost plus accrued interest which approximates fair value.

Property and Equipment

The land lease of the residential area on Toronto Islands is recorded at nominal value. All other property and equipment are recorded at cost, or where cost is not determinable, at estimated replacement cost. Depreciation is provided over their estimated useful life on a straight line basis at the following annual rates:

Leasehold interest in buildings and building improvements	- 2.5%
Furniture and equipment	- 10%-25%

Amortization of Capital Contributions

The Province of Ontario's contribution of a leasehold interest in the non-residential buildings in the area managed by the Trust is being amortized and brought into income on a straight line basis over 40 years, being the expected useful lifetime of the buildings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reserves

The Trust maintains reserves for capital expenditure and major repairs, contingencies and for office expenses as Board-designated allocations out of net assets.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. SHORT TERM INVESTMENTS

Details of short term investments are as follows:

Face Value		*Fair Value*	
		2010	*2009*
$ 109,467	ALTAM H/I Cash Performance Segregated mutual fund	**$ -**	$ 109,467
74,000	Guaranteed Investment Certificate, 1.55%, due June 10, 2010	**74,864**	-
74,000	Guaranteed Investment Certificate, 2.10%, due June 29, 2011	**75,171**	-
		$ 150,035	$ 109,467

In all cases, cost, as set out above, approximates fair value. The return on current year investments is about 1.95% (3.10% in 2009).

4. PROPERTY AND EQUIPMENT

Details of property and equipment are as follows:

	Cost	*Accumulated Depreciation*	*Net Book Value 2010*	*2009*
Land lease	**$ 1**	**$ -**	**$ 1**	$ 1
Leasehold interest in buildings	**1,150,248**	**584,709**	**565,539**	594,295
Furniture and equipment	**27,591**	**26,008**	**1,583**	2,050
Building improvements	**41,731**	**7,660**	**34,071**	35,114
	$ 1,219,571	**$ 618,377**	**$ 601,194**	$ 631,460

5. DEPRECIATION OF PROPERTY AND EQUIPMENT

Net depreciation expense for the year is calculated as follows:

	2010	*2009*
Furniture and fixtures	**$ 2,051**	$ 2,365
Computer equipment	**226**	342
Building improvements	**1,043**	1,043
Leasehold interest in buildings	**28,756**	28,756
Less amortization of capital contribution	**(28,756)**	(28,756)
	$ 3,320	$ 3,750

6. NET ASSETS - UNAPPROPRIATED BALANCE

Included in the unappropriated balance of net assets is an amount invested in property and equipment. Changes in this amount during the year are as follows:

	2010	*2009*
Balance - at beginning of year	**$ 37,165**	$ 40,915
Property and equipment purchased	**1,809**	-
Amortization of property and equipment less amortization of deferred capital grants	**(3,320)**	(3,750)
Balance - at end of year	**$ 35,654**	$ 37,165

7. NET TRANSFER TO (FROM) RESERVES

During the 2002 fiscal year, the Trust's Board established a reserve for contingencies and transferred to it an initial amount of $125,000. An additional $50,000 was transferred to this reserve in the 2008 fiscal year. It is the Board's intention to transfer to this reserve each year an additional amount representing interest earned on the reserve balance in order to avoid erosion of purchasing power of the reserve due to inflation. In accordance with this policy, an additional amount of $4,000 was transferred in the 2010 fiscal year ($5,000 in 2009).

In addition, during the year the Board decided to transfer the following amounts from the unappropriated balance to the reserves:

Reserve for office expenses	$ 2,500
Reserve for capital expenditures and major repairs	5,000
	$ 7,500

8. FINANCIAL INSTRUMENTS

The Trust's financial instruments consist of cash and short term investments, accounts receivable and accounts payable. It is management's opinion that the Trust is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Management estimates that the fair value of the financial instruments approximates their carrying values.

9. GUARANTEES AND INDEMNITIES

The Trust has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions. The Trust has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Trust has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements or sales and purchase contracts. In these agreements, the Trust agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Trust. The maximum amount of any potential liability cannot be reasonably estimated.

10. CAPITAL MANAGEMENT

The Trust considers its net assets to be its capital. The Trust's objective when managing capital is to ensure that it has sufficient resources to carry out its objects. The Trust manages and adjusts its capital in response to general economic conditions, working capital requirements and the risk characteristics of the underlying assets and budgets its operations on a break-even basis to preserve its capital.